

IV. REMARKS

Applicants have reviewed the non-final Office Action of September 26, 2005 ("Office Action"). Claim 61 has been canceled and claim 71 has been added by this Amendment. Claims 1-60 and 62-71 are pending in this Application.

A. Invention

This invention relates to effecting a return transaction for a stored value account, e.g., involving a refund for the purchase of a stored value account.

B. Rejection of Claims 1-60 and 62-71 Under 35 U.S.C. § 102(e) As Being Anticipated By Gould

Claims 1-60 and 62-70 were rejected under 35 U.S.C. §102(e) as being anticipated by U.S. Patent Publication No. US 2001/0001856 to Gould et al. ("Gould"). Gould discloses a "cash-equivalent card-based purchasing system and its method of operation." Gould Abstract (emphasis added).

Gould does not anticipate the claims because Gould does not disclose or suggest a system or method of refunding a value from a card account.

The sole basis for rejection stated in the Office Action dated September 26, 2005 is that claims 1-60 and 62-70 are anticipated under 35 U.S.C. 102(e) by Gould because "[t]he structure of Gould et al is *capable* [emphasis added] of performing all the method steps as set forth in the claims." The Office Action does not state as bases of rejection that Gould discloses a refund system nor that Gould discloses the elements of claims 1-60 and 62-70. As such, the only basis of rejection set forth in the pending Office Action is Gould's asserted *capability* of performing all the method steps set forth in claims 1-60 and 62-70. However, MPEP §706.02 IV requires

that the 35 U.S.C. 102 prior art reference must explicitly or inherently disclose each element of the claims. In the case of a method claim, the prior art must disclose, either expressly or inherently, each and every step of the method. It is not sufficient that a particular system be “capable” of performing the method, unless it discloses each step of the method (expressly or inherently). Accordingly, the instant rejection does not have a valid basis and should be withdrawn for at least this reason.

During the Interview, the Examiner suggested that under MPEP § 2114, a different manner of using a device does not distinguish an invention if the prior art discloses all the structural elements of the invention. However, MPEP § 2114 concerns “Apparatus and Article Claims.” This provision does not apply to most of the claims at issue, which are nearly all either method claims (claims 1-60, and 62-68) or a system claim (claim 69). The only other claim (claim 70) discloses computer code related to a refund request, which more fully described below is not disclosed by the Gould reference.

MPEP § 2112.02 entitled “Process Claims,” rather than § 2114, is applicable. During the Interview the Examiner mentioned *In re Schreiber*, 128 F.3d 1473 (Fed. Cir. 1997) as possible support of the rejection. However, *In re Schreiber* concerned a claim to a *product*, not a process, and thus is not applicable to Applicants’ method claims. Rather, as noted in MPEP § 2114, *In re Schreiber* generally stands for the proposition that an *apparatus* must be distinguished from the prior art in terms of structure rather than function, which is not applicable here. As the court noted, “It is well settled that the recitation of a new intended use for an old product does not make a claim to that old product [emphasis added] patentable. [Citations omitted].”

Under MPEP § 2112.02, whether a prior art device is *capable* of performing a method is *not* a proper basis for rejection. A structure can anticipate a method only where the prior art device “would *necessarily* perform the method claimed.” (Emphasis added). Thus, the basis of rejection for the instant rejection is improper, and accordingly Applicants respectfully submit that this rejection should be withdrawn.

(2) Gould Does Not Disclose a System of Refunding a Value from a Card Account

Even if the Office Action had asserted that claims 1-60 and 62-70 are anticipated on the basis that Gould discloses a system that *does* perform the refund-related actions recited in the method claims, Gould in fact does not disclose such a system. As noted in the Abstract, Gould’s system is a *purchasing* system for purchasing a stored value card. It does not disclose a refund system, nor a combination purchase and refund system. Throughout Gould’s specification and claims, the transactions are described as *purchase* transactions. The only use of the term “refund” in Gould is contained in paragraph 0044 which states, *inter alia*:

In the preferred embodiment, the card balance is accessible for debits only, where the purchases eventually deplete the card balance or leave a small residual value that will not be redeemable toward a purchase. There may be a **refund fee** associated with the transaction that is either set by the merchant or by the cash equivalent service. In the preferred embodiment, refunds of the residual value may be not permitted. The cardholder would then have a card with little residual value that may be unredeemable.

This passage does not disclose a refund system or method, but instead a mere “refund fee.” The purpose of the paragraph is to describe what happens to “small residual values” left in the account. No method *steps* or acts of processing a refund are disclosed. The passage does not disclose or even refer to a refund system, but rather a “refund fee.” However, a “refund fee”

does not teach the steps of a refund system any more than a communication fee would teach the steps of a method of communicating or an engraving fee would teach the steps of a method of engraving. Further, even if a refund system were disclosed or suggested, Gould does not disclose any system of the present application, such as a refund of the value of a card account.

Even assuming, *in arguendo*, that a reference to a “refund fee” discloses a refund system (which it does not), Gould’s vague passage fails to specify what, exactly, is being refunded. The “refund” could be a traditional refund for merchandise purchased using the card, instead of funds used to purchase the card itself. In other words, one possible “refund” is back to the card account (and therefore the customer) for the purchase price of an item of merchandise in exchange for the customer’s return of previously purchased merchandise, and another possible “refund” may be for money given back to the customer in exchange for returning the previously purchased card. The former interpretation is supported by Gould’s statement that “[t]here may be a refund fee associated with the transaction that is either set by the merchant or by the cash equivalent service.” Gould, ¶ 044 (emphasis added). Gould’s repeated uses of the term “transaction” refer to transactions involving purchases *of merchandise, not of the cash equivalent card*. Thus, “the transaction” to which a “refund fee [is] associated” is construed to refer to a refund for return of merchandise purchased in a “transaction,” rather than a refund for return of the cash equivalent card. Another possible refund is an automatic transfer of the card balance if and when the balance drops below a minimum threshold.

Gould’s disclosure is not clear on what type of refund is disclosed. Gould does not disclose what is being refunded in any “refund,” nor does Gould disclose or suggest any particular method of conducting a refund transaction.

(3) Gould Does not Disclose the Specific Elements of the Claims

Gould does not disclose all elements of any of claims 1-60 and 62-70. Although not an asserted basis of rejection in the outstanding Office Action, in the Interview the Examiner suggested that Gould's purported refund system inherently discloses the elements of claims 1-60 and 62-70. According to this inherency argument, the only way to perform Gould's purported "refund" is using the steps disclosed in claim 1, for example. Claim 1 recites:

1. A method of conducting a PIN-enabled stored value account refund transaction, comprising:
 - receiving a refund request for a stored value account having an associated value purchased in a previous transaction, wherein the request comprises a PIN associated with the stored value account, and wherein the PIN is operative to redeem the associated value;
 - determining whether any of the associated value has been previously redeemed;
 - and
 - providing a response to the refund request.

Applicants respectfully submit that any "refund" in Gould could be performed using methods other than those recited in the claims. According to MPEP § 2112 IV, a reference cannot inherently anticipate a claim if its disclosed teachings can be accomplished without practicing the claim (i.e., the invention may be practiced without necessarily having the element in question). Thus, Gould cannot inherently anticipate any of claims 1-60 and 62-70 if there exists an alternative method of accomplishing Gould's "refund fee," even if the alternative method is less desirable or practical than the claimed method. I.e., the issue is whether Gould's disclosed subject matter can *only* perform a refund using Applicants' claimed methods.

One alternative method is providing an automatic refund when a card account drops below a minimum threshold amount, such as \$0.25. Once the balance drops below this amount,

a refund fee (such as \$0.10) may be assessed against the account, and the remaining balance (e.g., \$0.15) may be sent to the customer, e.g., via paper check. This method does not practice the step of “receiving a refund request ...,” (an element of independent claim 1) because the refund is issued automatically based on a minimum balance, not a request.

Claims 2-44 are all directly or indirectly dependent upon claim 1. Because claim 1 is patentable over the cited reference, the Applicant respectfully submits that claims 2-44 must also be allowable over the reference.

Independent claims 45, 56, 62 and 68 each include the element of receiving a refund request. Thus, similar to claim 1 as more fully described above, independent claims 45, 56, 62 and 68 are patentable over the cited reference.

Claims 46-55, 57-60, and 63-67 are all directly or indirectly dependent upon claim 45, 56, or 62. Because claims 45, 56, and 62 are patentable over the cited reference, the Applicant respectfully submits that claims 46-55, 57-60, and 63-67 must also be allowable over the reference.

Independent claim 61 has been canceled. No claims are dependent upon claim 61.

Independent claims 69 and 70 each contain elements for receiving a refund request. Because, as previously described above, a refund request is not inherent in Gould, claims 69 and 70 are patentable over the cited reference.

Claim 71, being newly added by this Amendment, was not rejected in the outstanding Office Action. Claim 71 requires that the stored value be provided by other than purchase. For instance, claim 71 would include cards provided not by purchase but by gift such as might be

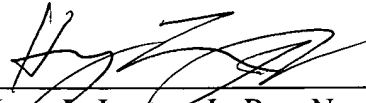
given by a merchant as a promotional item. Such is distinguishable from the stored values disclosed in Gould which are stored values that are provided by purchase.

For at least these reasons, Applicants respectfully request that the instant rejection of claims 1-60 and 62-70 be withdrawn and that said claims and claim 71 be allowed.

V. Conclusion

For all the reasons set forth above, it is respectfully submitted that all outstanding rejections have been overcome. All pending claims are patentably distinguishable over the prior art of record. Applicants accordingly submit that these claims are in a condition for allowance. Reconsideration and allowance of all claims are respectfully requested.

Respectfully submitted,



Harry L. Laxton, Jr. Reg. No. 57,617
Gregory M. Murphy, Reg. No. 52,494
Attorneys for Applicant
Registration No. 42,285
Telephone: (804) 788-8762
Facsimile: (804) 343-4598

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Please Direct all Correspondence to:
J. Michael Martinez de Andino, Esq.
Hunton & Williams LLP
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219-4074